



General Assembly

January Session, 2001

Raised Bill No. 6832

LCO No. 4144

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT AUTHORIZING THE ISSUANCE OF CERTAIN BONDS BY THE CITY OF WATERBURY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. It is hereby found and declared that a financial emergency
2 exists with regard to the city of Waterbury, that the continued
3 existence of this financial emergency is detrimental to the general
4 welfare of the city and the state, that the city's continued ability to
5 borrow in the public credit markets and the resolution of this financial
6 emergency is a matter of paramount public interest and that to achieve
7 this resolution it is necessary, appropriate and an essential public
8 purpose to provide in this act for the financing of deficits resulting
9 from the city's operations, the imposition of financial management
10 controls and the creation of the Waterbury Financial Planning and
11 Assistance Board to review the financial affairs of the city of
12 Waterbury, all in order to achieve or maintain access to public credit
13 markets, to fund the city's accumulated deficits and to restore financial
14 stability to the city of Waterbury.

15 Sec. 2. As used in this act:

16 (1) "Accrual basis of accounting" means the basis of accounting
17 under which revenues are recorded when earned and expenses are
18 recorded at the time liabilities are incurred.

19 (2) "Annual budget" means the general fund budget, as defined by
20 the city's charter, prepared on the modified accrual basis of
21 accounting, as defined by GAAP.

22 (3) "Annual budgetary deficit" means with respect to the general
23 fund of the city, the excess of expenditures, encumbrances and other
24 financing uses over revenues, other financing sources, and any
25 undesignated fund balance from the prior year used to balance the
26 current budget, as computed utilizing the modified accrual basis of
27 accounting.

28 (4) "Board" means the Waterbury Financial Planning and Assistance
29 Board created by section 10 of this act.

30 (5) "Board of Aldermen" means the Board of Aldermen of the city of
31 Waterbury.

32 (6) "City" means the city of Waterbury.

33 (7) "Contract" means any agreement, contract, lease, obligation,
34 other than a debt obligation, letter of intent or acceptance regarding
35 the provision of goods or services to or for the benefit of the city by
36 and between the city and any other party, including collective
37 bargaining agreements with employees of the city and any agreement,
38 contract, letter of intent or acceptance regarding the sale or lease of any
39 assets of the city having a fair market value greater than fifty thousand
40 dollars.

41 (8) "Deficit funding bond" means any bond with a term of more than
42 one year issued by the city to finance an unreserved fund balance
43 deficit, retained earnings deficit, projected unreserved fund balance
44 deficit or projected retained earnings deficit, and including costs of
45 issuing and securing deficit funding bonds.

46 (9) "Encumbrance" means commitments related to unperformed or
47 executory contracts for goods or services.

48 (10) "Enterprise funds" means funds that are used to account for city
49 operations which funds are financed and operated in a manner similar
50 to private business enterprises where the intent is that the costs,
51 expenses, including depreciation, of providing services to the public be
52 financed or recovered primarily through user charges; or where a
53 periodic determination of revenues earned, expenses incurred, or net
54 income is appropriate for capital maintenance, public policy,
55 management control, accountability or other purpose. Such funds shall
56 utilize the accrual basis of accounting.

57 (11) "Finance director" means the director of finance of the city of
58 Waterbury.

59 (12) "Fund balance" means the difference between fund assets and
60 fund liabilities of governmental funds, utilizing the modified accrual
61 basis of accounting.

62 (13) "Fund balance deficit" means the excess of fund liabilities over
63 fund assets of governmental funds utilizing the modified accrual basis
64 of accounting, as determined by independent auditors and as rounded
65 to the nearest five thousand dollars.

66 (14) "GASB" means the Government Accounting Standards Board.

67 (15) "General obligation" means an obligation issued by the city and
68 secured by the full faith and credit and taxing power of the city
69 including any contingent obligation which is payable from the general
70 fund and is subject to annual appropriation.

71 (16) "General fund" means the fund established by the city to
72 account for all financial resources except those required to be
73 accounted for in another fund.

74 (17) "Generally accepted accounting principles" or "GAAP" means

75 the uniform minimum standards of, and the guidelines for, financial
76 accounting and reporting as promulgated by GASB.

77 (18) "Governmental funds" means the general fund, special revenue
78 funds, capital projects funds, and debt service funds, as defined by
79 GAAP.

80 (19) "Interim funding obligation" means any note issued in
81 anticipation of the issuance of a deficit funding bond.

82 (20) "Internal service funds" means funds used for the financing of
83 goods or services provided by one department or agency to other
84 departments or agencies of the city unit, or to other governmental
85 units, on a cost-reimbursement basis. Such funds shall utilize the
86 accrual basis of accounting.

87 (21) "Mayor" means the mayor of the city of Waterbury.

88 (22) "Maximum required capital reserve" means the maximum
89 aggregate amount of principal, interest, and other amounts due and
90 owing during any succeeding fiscal year, excluding any sinking fund
91 installments payable in a prior fiscal year on outstanding general
92 obligations of the city supported by a special capital reserve fund
93 established pursuant to this act.

94 (23) "Modified accrual basis of accounting" means the basis of
95 accounting under which revenues are recognized when susceptible to
96 accrual that is, when they become both measurable and available. For
97 purposes of this subdivision "measurable" means when the amount of
98 the transaction can be determined and "available" means collectible
99 within the current period or soon enough thereafter to be used to pay
100 liabilities of the current period. Expenditures are recorded when the
101 related fund liability is incurred. Principal and interest on general
102 long-term debt are recorded as fund liabilities when due.

103 (24) "Obligation" means any bond, bond anticipation note, revenue
104 anticipation note, tax anticipation note or other interim funding

105 obligation, certificate of participation, security, financing lease,
106 installment purchase agreements, capital lease, receivable or other
107 asset sale, refinancing covered by this definition and any other
108 transaction which constitutes debt in accordance with both municipal
109 reporting standards in section 7-394a of the general statutes, and the
110 regulations prescribing municipal financial reporting promulgated by
111 the secretary.

112 (25) "Outstanding obligation" means any obligation with respect to
113 which a principal or interest payment, sinking fund installment or
114 other payment or deposit is or will be due in the future and for which
115 moneys or defeasance securities have not been deposited in escrow.

116 (26) "Projected annual budgetary deficit" means, with respect to the
117 general fund of the city during any fiscal year, the estimated "annual
118 budgetary deficit".

119 (27) "Projected retained earnings deficit" means the estimated
120 enterprise or internal service funds retained earnings deficits.

121 (28) "Projected unreserved fund balance deficit" means the
122 estimated general fund and other governmental funds unreserved
123 fund balance deficit.

124 (29) "Property taxes" means all taxes on real and personal property
125 levied by the city in accordance with the general statutes including any
126 interest, penalties and other related charges, and shall not mean any
127 rent, rate, fee, special assessment or other charge based on benefit or
128 use.

129 (30) "Required minimum capital reserve" means the lesser of the
130 maximum amount of principal and interest becoming due by reasons
131 of maturity or a required sinking fund installment in the then current
132 or any succeeding calendar year on bonds of the city then outstanding
133 and supported by a special capital reserve fund or the maximum
134 amount then permitted to be deposited in such fund by the Internal

135 Revenue Code of 1986, or any subsequent corresponding internal
136 revenue code of the United States, as from time to time amended, to
137 permit the interest on such bonds to be excluded from gross income for
138 federal tax purposes.

139 (31) "Reserved fund balance" means those portions of fund balance
140 that are not appropriable for expenditure or that are legally segregated
141 for a specific future use.

142 (32) "Retained earnings" means an equity account reflecting the
143 accumulated earnings of an enterprise fund or internal service fund.

144 (33) "Retained earnings deficit" means the audited enterprise or
145 internal service funds retained earnings deficits of accumulated losses
146 that exceed earnings.

147 (34) "Review period" means the period of time during which the city
148 is subject to the powers of the board.

149 (35) "Secretary" means the Secretary of the Office of Policy and
150 Management.

151 (36) "Special capital reserve fund" means the fund established
152 pursuant to the provisions of this act to secure the timely payment of
153 principal and interest on general obligations issued by the city
154 approved by the State Treasurer pursuant to the provisions of this act.

155 (37) "Special revenue funds" means funds established to account for
156 the proceeds of specific revenue sources that are legally restricted to
157 expenditure for specific purposes.

158 (38) "Trustee" means any trust company or bank having the powers
159 of a trust company within or without the state, appointed by the board
160 as trustee for the special capital reserve fund, as well as any successor
161 trust company or bank having the powers of a trust company within or
162 without the state succeeding a prior trust company or bank as trustee,
163 so appointed and approved.

164 (39) "Undesignated fund balance" means the unreserved portion of
165 fund balance that has not been designated for specific purposes and is
166 available for appropriation, as reflected in the audited financial
167 statements of the city.

168 (40) "Unreserved fund balance" means that portion of fund balance
169 that is not a portion of reserved fund balance.

170 (41) "Unreserved fund balance deficit" means the audited general
171 fund and other governmental funds unreserved fund balance deficit.

172 Sec. 3. (a) The Board of Aldermen may by resolution, approved by a
173 majority of its members and subject to the approval of the board,
174 authorize the issuance and sale of deficit funding bonds and interim
175 funding obligations subject only to the provisions of this act. Any such
176 resolution approved by the Board of Alderman shall acknowledge the
177 establishment of the Waterbury Financial Planning and Assistance
178 Board pursuant to this act. Notwithstanding any charter provision,
179 such resolution may delegate to the mayor and the finance director the
180 authority to determine the terms and conditions of any deficit funding
181 bonds and interim funding obligations issued pursuant to this act,
182 including, without limitation, the date, interest rate or rates, prices,
183 maturities, form and manner of sale, which may be by public or
184 private sale, provided any deficit funding bond issued pursuant to this
185 act may not mature later than twenty years from the date of issuance.
186 All such terms and conditions shall be subject to the prior approval of
187 the secretary and the State Treasurer.

188 (b) The aggregate principal amount of deficit funding bonds or
189 interim funding obligations authorized to fund the budget deficits
190 pursuant to this act shall be limited to: (1) Any unreserved fund
191 balance deficit, retained earnings deficit, projected fund balance deficit
192 or projected retained earnings deficit through June 30, 2001, and (2)
193 such additional amounts as the Board of Aldermen and the board shall
194 approve to provide for the establishment and maintenance of reserves
195 or similar funds, including amounts that may be required to fund a

196 special capital reserve fund in accordance with section 6 of this act, and
197 to pay all fees, costs and expenses in connection with the
198 authorization, issuance and sale of such bonds or bond anticipation
199 notes, including, but not limited to, legal, advisory, printing and
200 administrative expenses, any underwriters' discount, expenses in
201 connection with any credit enhancement and expenses of the board
202 under section 11 of this act. The net proceeds of such bonds shall be
203 applied first to repay the principal of and interest, to the extent not
204 otherwise provided, on outstanding interim funding obligations, and
205 thereafter as the authorizing resolution provides. The terms and
206 conditions of any obligations issued by the city other than deficit
207 funding bonds shall be subject to the prior approval of the board
208 pursuant to section 11 of this act. Nothing contained in this act shall
209 limit the right of the city to comply with the provisions of any existing
210 contract with or for the benefit of the owners or holders of any bonds,
211 notes or other obligations of the city and nothing contained in this act
212 shall be construed to alter, impair, diminish or otherwise affect the
213 rights of such owners or holders. Any deficit funding bonds issued
214 under this act may be defeased through the issuance of refunding
215 bonds which may be authorized in the same manner as the bonds
216 being refunded, or, in the event the board shall no longer exist
217 pursuant to section 14 of this act, in such manner as set forth in the
218 general statutes provided that the final maturity of any refunding
219 bonds shall not be later than the final maturity of the refunded bonds
220 and that the city will achieve, as result of the sale of such refunding
221 bonds and the investment and application of the proceeds of such sale,
222 net debt service savings.

223 (c) Deficit funding bonds and interim funding obligations issued in
224 anticipation of deficit funding bonds issued pursuant to this act shall
225 constitute the legal, valid and binding obligations of the city for which
226 the full faith and credit of the city shall be pledged to the payment of
227 the principal thereof and the interest thereon.

228 (d) The city is authorized to issue its deficit funding bonds and

229 interim funding obligations issued in anticipation of deficit funding
230 bonds for a fiscal period ending not later than June 30, 2001.

231 (e) Pending the completion of the audit for the fiscal year ending
232 June 30, 2001, the city may, pursuant to the authority contained in this
233 act and subject to the approval of the secretary and the State Treasurer,
234 issue interim funding obligations or renewals thereof in an amount not
235 to exceed ____ dollars outstanding at any time. Upon the sale of any
236 deficit funding bonds, the proceeds thereof, to the extent required,
237 shall be applied forthwith to the payment of the principal of and
238 interest on any interim funding obligations issued pursuant to this act
239 or shall be deposited in trust for such purpose. Notwithstanding any
240 charter provision to the contrary, the date or dates of such interim
241 funding obligations, the maturities, denominations, form, details and
242 other particulars of such bond anticipation notes, including the
243 method, terms and conditions for the issue and sale thereof, by public
244 or private sale, shall be determined by the Board of Aldermen or the
245 Board of Aldermen may delegate to the mayor and finance director the
246 authority to make such determinations in the best interests of the city,
247 and be subject to the approval of the secretary and the State Treasurer,
248 provided the term of all such interim funding obligations, including
249 any renewals thereof, shall not exceed twelve months. Such interim
250 funding obligations shall constitute the legal, valid and binding
251 general obligations of the city, for which the full faith and credit of the
252 city shall be pledged to the payment of the principal thereof and the
253 interest thereon.

254 Sec. 4. In order to secure bonds and notes issued pursuant to this act
255 and any other bonds or notes issued by the city while any bonds or
256 notes issued pursuant to this act remain outstanding, the city shall
257 enter into an indenture of trust with a trustee, or enter into one or
258 more amendments to an existing indenture of trust.

259 Sec. 5. The city shall make representations, agreements and
260 covenants, including a covenant not to impair, limit, modify, rescind,

261 repeal or otherwise alter the rights, exemptions or remedies of any
262 bondowner or noteholder, bond insurer or other providers of credit or
263 liquidity enhancement, by and for the benefit of any bondowner or
264 noteholder, bond insurer or other provider of credit or liquidity
265 enhancement, which representations, agreements and covenants are
266 necessary or appropriate: (1) To ensure the exemption of interest on
267 the bonds or notes issued pursuant to this act from taxation under the
268 Internal Revenue Code of 1986, or any subsequent corresponding
269 internal revenue code of the United States, as from time to time
270 amended, including agreements to pay rebates to the federal
271 government of investment earnings derived from the investment of the
272 proceeds of the bonds or notes; or (2) to strengthen the credit of bonds
273 or notes issued pursuant to this act in the financial markets, or both.

274 Sec. 6. In connection with the issuance of deficit funding bonds
275 under the provisions of this act, the city may, subject to the approval of
276 the board, create and establish one or more reserve funds to be known
277 as special capital reserve funds and shall pay into such special capital
278 reserve funds (1) any moneys appropriated and made available by the
279 state for the purposes of such funds, (2) any proceeds of sale of deficit
280 funding bonds, to the extent provided in the resolution authorizing the
281 issuance thereof, and (3) any other moneys which may be made
282 available to the city for the purpose of such funds from any other
283 source or sources. The moneys held in or credited to any special capital
284 reserve fund established under this section, except as hereinafter
285 provided, shall be used solely for the payment of the principal of
286 deficit funding bonds secured by such capital reserve funds as the
287 same become due, the payment of interest on such bonds of the city or
288 the payment of any redemption premium required to be paid when
289 such bonds are redeemed prior to maturity; provided the city may
290 provide that moneys in any such fund shall not be withdrawn
291 therefrom at any time in such amount as would reduce the amount of
292 such funds to less than the required minimum capital reserve, except
293 for the purpose of paying such principal of, redemption premium and
294 interest on such bonds of the city secured by such special capital

295 reserve becoming due and for the payment of which other moneys of
296 the city are not available. The city may provide that it shall not issue
297 bonds to be secured by a special capital reserve fund created under
298 this section at any time if the required minimum capital reserve on the
299 bonds outstanding and the bonds then to be issued and secured by a
300 special capital reserve fund will exceed the amount of such special
301 capital reserve fund at the time of issuance, unless the city, at the time
302 of the issuance of such bonds, shall deposit in such special capital
303 reserve fund from the proceeds of the bonds so to be issued, or
304 otherwise, an amount which, together with the amount then in such
305 special capital reserve fund, will be not less than the required
306 minimum capital reserve. On or before December first, annually, there
307 is deemed to be appropriated from the state General Fund such sums,
308 if any, as shall be certified by the finance director to the secretary and
309 the State Treasurer, as necessary to restore each such special capital
310 reserve fund to the amount equal to the required minimum capital
311 reserve of such fund, and such amounts shall be allotted and paid to
312 the city for deposit therein. For the purpose of evaluation of any such
313 special capital reserve fund, obligations acquired as an investment for
314 any such fund shall be valued at fair value, as defined by GAAP, or
315 amortized cost as the board shall determine. Nothing contained in this
316 section shall preclude the city from establishing and creating other
317 debt service reserve funds in connection with the issuance of bonds of
318 the city under this section. Subject to any agreement or agreements
319 with holders of outstanding bonds of the city, any amount or amounts
320 allotted and paid to the city by the state pursuant to this section shall
321 be repaid to the state from moneys of the city at such time as such
322 moneys are not required for any other of its city purposes and in any
323 event shall be repaid to the state from the first amounts thereafter
324 payable by the state to the city, whether in the form of a grant, grant-
325 in-aid, payment in lieu of taxes or any form whatsoever, pursuant to
326 any provisions of the general statutes or state regulations, which
327 amounts are hereby deemed appropriated from the city to the state as
328 and for such repayment. Notwithstanding any other provisions of this

329 act, the aggregate amount of bonds to be secured by a special capital
330 reserve fund or funds created and established pursuant to this section
331 shall not exceed _____ million dollars.

332 Sec. 7. No obligations, other than deficit funding bonds and interim
333 funding obligations, shall be secured by a special capital reserve fund
334 and no deficit funding bonds shall be issued under this act unless and
335 until there has been filed with the State Treasurer and the secretary a
336 certificate of the board finding that: (1) The annual budget and
337 financial plan have been completed and approved by the board,
338 contain projections of revenue and expenditures that are based on
339 reasonable and appropriate assumptions and methods of estimation,
340 provide that operations of the city will be conducted within cash
341 resources available according to the board's revenue estimates, and
342 comply with the provisions of section 12 of this act; (2) pension funds
343 are accounted for on a GAAP basis and funded in accordance with
344 actuarial recommended levels; (3) the city is not in default in any of its
345 general obligations unless issuance will cure the default; (4) there is
346 sufficient taxing authority implemented and approved to produce
347 sufficient revenues to pay all debt service on all bonds heretofore and
348 hereunder issued by the city and to establish, increase and maintain
349 any reserves, including the special capital reserve fund, deemed by the
350 board to be necessary and advisable to secure payment of the principal
351 of and interest on all such bonds; and (5) the financing is in the public
352 interest. Notwithstanding the provisions of this section, the State
353 Treasurer may approve the issuance of bonds secured by a special
354 capital reserve fund for the purpose of paying principal and interest on
355 interim funding obligations due for which there are no other funds
356 available.

357 Sec. 8. The state of Connecticut does hereby pledge to and agree
358 with the holders of any deficit funding bonds or interim funding
359 obligations issued under this act that the state will not limit or alter the
360 rights hereby vested in the city until such obligations, together with
361 the interest thereon, are fully met and discharged, provided nothing in

362 this act shall preclude such limitation or alteration if and when
363 adequate provision shall be made by law for the protection of the
364 holders of such deficit funding bonds or interim funding obligations.
365 The city is authorized to include this pledge and undertaking for the
366 state in such deficit funding bonds or interim funding obligations
367 issued in anticipation of deficit funding bonds.

368 Sec. 9. Notwithstanding the provisions of the general statutes, any
369 special act, the charter of the city or any ordinance or resolution of the
370 city, no proceedings, notice or approval shall be required for the
371 issuance of deficit funding bonds or interim funding obligations
372 authorized under this act or any instrument authorized as security
373 therefor, except as provided in this act. Bonds and obligations issued
374 pursuant to this act shall be included in the calculation of aggregate
375 indebtedness under section 7-374 of the general statutes.

376 Sec. 10. (a) There is established the Waterbury Financial Planning
377 and Assistance Board which shall consist of five members.

378 (b) A majority of the members of said board shall constitute a
379 quorum. Each member shall have one vote. Members of the board
380 shall be reimbursed for reasonable expenses.

381 Sec. 11. (a) The board shall review and approve or disapprove the
382 city's annual budget. No annual budget of the city or annual tax levy
383 for the city shall become operative until approved by the board. If the
384 board disapproves any annual budget, it may adopt an interim budget
385 and may establish a tax rate. The board shall review and approve or
386 disapprove all budget transfers and shall require the city to take
387 remedial measures to improve the city's operations prior to the end of
388 any fiscal year. The city shall supply the board with financial reports,
389 data, audits, and other information as the board may require. The
390 board may require the city to provide a modified financial plan or
391 modified annual budget. If the city fails to make modifications within
392 the time period specified by the board, the board may make such
393 modifications. The board may review and approve or disapprove or

394 make adjustments to, the budget of the city's board of education on a
395 line item basis and may require the board of education to submit any
396 budget transfers to the board for approval.

397 (b) The board shall review and approve or disapprove the proposed
398 terms of any deficit funding bonds to be guaranteed by the state or any
399 other bonds, notes or other obligations of the city. In connection with
400 the issuance of any deficit funding bonds the city shall establish a debt
401 service fund.

402 (c) The board shall review and approve or disapprove any contract
403 not covered by collective bargaining with an expense or sale of assets
404 of more than fifty thousand dollars. The board may appoint an
405 emergency financial manager and delegate in writing such powers as it
406 deems necessary or appropriate for the purpose of managing the
407 financial affairs of the city during the board's duration. The board shall
408 review and approve or disapprove the selection of the city's
409 independent auditors. The board may order any official or employee
410 or any agency or administrative unit, including board of education to
411 implement decisions of the board.

412 Sec. 12. The board shall establish procedures for the form and
413 timing of submissions from the city. The board may set out
414 requirements for the approval, rejection or modification of annual
415 budgets and financial plans and provisions if the city fails to make the
416 necessary submissions.

417 Sec. 13. The city shall not become a debtor under Chapter 9 of Title
418 11 of the United States Code, as from time to time amended, without
419 the written consent of the Governor so long as any borrowings
420 guaranteed by the state pursuant to this act remain outstanding.

421 Sec. 14. (a) The board shall remain in existence and exercise the
422 powers, duties and functions granted to it by this act until such time as
423 the general fund, special revenue funds, enterprise funds, and internal
424 service funds of the city shall have, for four consecutive fiscal years,

425 maintained a positive unreserved fund balance, retained earnings
426 balance, in accordance with audits required by the general statutes and
427 the board, by resolution, determines that: (1) There have been no
428 annual budgetary deficits for the general fund of the city for four
429 consecutive fiscal years; (2) the city has presented and the board has
430 approved a financial plan that projects positive unreserved fund
431 balances and retained earnings for the general fund, special revenue
432 funds, enterprise funds and internal service funds for the three
433 succeeding consecutive fiscal years covered by such financial plan in
434 accordance with generally accepted accounting principles and this act;
435 and (3) the audits for four consecutive fiscal years have been
436 completed and are unqualified relating to the annual reporting of
437 results of operations for all governmental funds, enterprise funds, and
438 internal service funds.

439 (b) If, during the period during which any borrowings of the city
440 secured by a special capital reserve fund pursuant to section 6 of this
441 act remain outstanding, the city incurs an audited annual budgetary
442 deficit in its general fund in excess of one-half of one per cent of its
443 most recently completed annual budget, fails to fund pension
444 contributions in accordance with actuarial recommendations, fails to
445 implement revaluation in accordance with section 12-62 of the general
446 statutes or fails to fund its internal service funds at a level necessary to
447 avoid the accumulation of retained earnings deficits, the board may, at
448 the direction of the secretary, be reestablished and may reassume the
449 duties, powers and functions granted to it by this act.

450 Sec. 15. If, at any time, the city has failed to lay necessary taxes or to
451 lay a tax which, in addition to the other estimated yearly revenue of
452 the city, is sufficient to pay the general fund current expenditures of
453 such city, the Board of Aldermen, or, if the Board of Aldermen fails to
454 act within thirty days of notice thereof from the board of the board's
455 intention to proceed under this section, the board may make a rate bill
456 upon the city's list applicable to such fiscal year for the amount
457 necessary, or for an amount sufficient, to pay all or a portion of the

458 annual budgetary deficit and cause the same to be collected as due.

459 Sec. 16. Any official or employee of the city or any agency or
460 administrative unit thereof, including any member or employee of the
461 board of education, shall be personally liable for any expenditure of
462 amounts in excess of the budgeted appropriation therefor and the
463 board may act as the party of interest in pursuing civil and criminal
464 actions authorized under the general statutes against any such person.

465 Sec. 17. (a) The secretary, the board and any person authorized to
466 act on behalf of or to assist them, or any staff person for the board,
467 shall not be personally liable or subject to any suit, judgment or claim
468 for damages resulting from the exercise or failure to exercise the
469 powers, duties or functions granted to them under this act.

470 (b) The Attorney General may apply for a writ of mandamus or seek
471 a temporary or permanent injunction on the behalf of the board, acting
472 through its chairperson, requiring any official, employee or agent of
473 the city to carry out and give effect to any order of the board
474 authorized by this act. Each such application shall be filed in superior
475 court for the judicial district of Waterbury.

476 (c) The superior court for the judicial district of Waterbury may, by
477 application of the secretary, the board or the Attorney General,
478 enforce, by appropriate decree or process, any provisions of this act or
479 any act or order of the secretary or the board rendered pursuant to this
480 act.

481 Sec. 18. During the review period: (1) No officer or employee of the
482 city shall make or authorize a contract in excess of the amount
483 available therefor under the financial plan and annual budget as then
484 in effect; and (2) no officer or employee of the city shall involve the
485 city in any contract for the payment of money for any purpose
486 required to be approved by the board unless such contract has been so
487 approved and unless such contract is in compliance with the financial
488 plan and the annual budget as then in effect. No officer or employee of

489 the city shall take any action in violation of any valid order of the
490 board or shall fail or refuse to take any action required by any such
491 order or shall prepare, present or certify any information, including
492 any projections or estimates, or report for the board or any of its agents
493 that is false or misleading. In addition to any penalty or liability under
494 any other law, any officer or employee of the city who shall violate the
495 provisions of this section shall be subject to appropriate administrative
496 discipline, including, when circumstances warrant, suspension from
497 duty without pay or removal from office by order of the mayor. In the
498 case of a violation of the provisions of this section by an officer or
499 employee of the city, the mayor shall immediately report to the board
500 all pertinent facts together with a statement of the action taken
501 thereon.

502 Sec. 19. Six months after the end of the review period, the existence
503 of the board and all other provisions of this act, except those contained
504 in subsection (b) of section 17 of this act shall terminate; provided the
505 provisions of sections 4 and 16 and subsection (a) of section 17 of this
506 act shall remain in full force and effect and a copy of the annual budget
507 and actuarial valuation of the city shall be sent to the Secretary of the
508 Office of Policy and Management for so long as any bonds or notes
509 issued pursuant to this act remain outstanding.

510 Sec. 20. This act is intended to authorize the city to fund its
511 accumulated deficits, to establish a board to review the financial affairs
512 of the city in order to maintain access to the public markets and to
513 restore financial stability to the city, and shall be liberally construed to
514 accomplish its intent. The provisions of this act shall supersede any
515 provisions of the general statutes, any public or special act and the
516 charter of the city enacted prior to or subsequent to this act other than
517 a subsequent act of the General Assembly which specifically states that
518 it supersedes this act.

519 Sec. 21. If any section, part or provision of this act shall be declared
520 unconstitutional, invalid or ineffective by any court of competent

521 jurisdiction, such declaration shall be limited to the section, part or
522 provision directly involved in the controversy in which such
523 declaration was made and shall not effect any other section, provision
524 or part thereof.

525 Sec. 22. This act shall take effect from its passage.

Statement of Purpose:

To resolve a chronic financial operating deficit of the city of Waterbury.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]